



888 16<sup>th</sup> Street N.W., Suite 800  
Washington, D.C. 20006  
Ph: 202-349-9845  
Fax: 202-355-1399  
[www.nativeamericancontractors.org](http://www.nativeamericancontractors.org)

**Testimony of  
Chris McNeil, Jr.  
Native American Contractors Association**

**Joint Hearing  
Committee on Government Reform  
Congressman Tom Davis, Chairman  
Rep. Henry Waxman, Ranking Member**

and

**Committee on Small Business  
Congressman Donald A. Manzullo, Chairman  
Rep. Nydia Velazquez, Ranking Member**

**Review of  
Alaska Native Corporations' Participation in the Small Business  
Administration's 8(a) program**

**Wednesday, June 21, 2006**

**Room 2154  
1:00 pm  
Rayburn House Office Building  
Washington, D.C.**

Chairmen Davis and Manzullo, Ranking members Waxman and Velazquez and distinguished members of both committees, thank you for the opportunity to appear before you today to talk about the success of the Small Business Act's Section 8(a) program in advancing the economic self-sufficiency of Native Americans. My name is Chris McNeil, Jr. I am a member of the Tlingit and Nisga'a Nation and I am the Chairman of the Native American Contractors Association and President and CEO of the Sealaska Corporation. My testimony today is on behalf of the Native American Contractors Association ("NACA").

NACA was formed to increase the awareness of the benefits of using firms owned by Indian Tribes, Alaska Native Corporations, and Native Hawaiian Organizations (collectively "Native Entities") to provide goods and services to the federal government. The mission of NACA is to enhance self-determination through preservation of government contracting participation based on the government-to-government relationship between Native Americans and the federal government. We have 27 community-owned corporation members (19 Alaska Native Corporations, 7 Indian tribe-owned enterprises, 1 Native Hawaiian Organization).

## **I. Introduction**

The GAO report shows the success of the federal policy of promoting Native American government-to-government participation in the federal marketplace. Federal contracting promotes economic self-sufficiency and provides economic and employment benefits for Native Americans, who are among the poorest populations in the nation. The Native 8(a) program is a rare example of federal policy successfully fulfilling government procurement policies and fostering economic development for Native communities.

It is important to note that the GAO did not find evidence of abuse by ANSCA corporation 8(a) companies. Nor did the report call for legislative changes to the program. Rather, the GAO found that some government agencies do not always follow the rules, and absent improved oversight, there might be potential for abuse. GAO also found that government acquisition processes are flawed in some respects. NACA will work with government officials to improve these processes and urges lawmakers to focus on improving oversight and not to make substantial changes to the Native provisions of the 8(a) program.

Although the Native provisions of the 8(a) program have been in place for almost twenty years, most Native Entities are just now beginning to enter the federal marketplace as a way to generate long-term revenue streams, create jobs for their members and in the communities in which they work, and provide cultural and social benefits to member communities. Participation in the 8(a) program has also enabled Native Entities to develop the experience, skill, and expertise necessary to succeed in the competitive federal marketplace.

## II. Indian Law and Policy: Why Native Entities Have Unique Contracting Rights

### SBA 8(a) Program Regulations

The GAO report recognizes that Congress provided unique contracting provisions in the 8(a) Program to help spur economic development for Native Americans. These provisions include:

- Program eligibility rules for Native Entities that allow parent companies to own multiple 8(a) firms without violating limitations on affiliation.
- Exclusion from the competitive thresholds limiting the size of sole-source contracts in order to help these firms develop a sustainable revenue base—rather than mandating their employment practices or limiting their activities to a single geographical area.

The 8(a) Program rules applicable to a Native Entity are intentionally different from the rules governing 8(a) firms owned by individuals.<sup>1</sup> Unlike an 8(a) firm owned by an individual, a Native Entity has an organizational obligation to provide for the significant social and economic needs of all of its community members—who can number anywhere from hundreds to tens of thousands—not just one entrepreneur on whom 8(a) eligibility is based. Native Entities share a moral imperative to create permanent, self-sustained business operations to provide for current and future generations of their communities' members.

### Federal Trust Responsibility to Foster Economic Development

The federal government's unique relationship with Native Americans derives from the U.S. Constitution's grant of power to Congress "to regulate Commerce... with the Indian Tribes."<sup>2</sup> This Constitutional provision, often referred to as the Indian Commerce Clause, and its interpretation in landmark Supreme Court decisions, gave rise to the federal government's special political relationship and trust responsibilities to Native Americans. As the Court stated, "the relation of the Indians to the United States is marked by peculiar and cardinal distinctions which exist nowhere else...."<sup>3</sup> No other group of U.S. citizens has a comparable relationship with the federal government.

In exchange for ceding over 500 million acres of land by the Native people of America, the United States entered into a trust relationship with Native Americans. Treaties, the supreme law of our land, were originally the primary way that this trust relationship was expressed. Today, the trust relationship is carried on through many statutes enacted by Congress, including the Alaska Native Claims Settlement Act (ANCSA) and the Native 8(a) provisions.

---

<sup>1</sup> Including Small Businesses, Small Disadvantaged Businesses, Women-Owned Businesses, HUB Zone firms or Service-Disabled Veteran-Owned concerns, as defined by the Small Business Act.

<sup>2</sup> See Article I, § 8, ¶ 3.

<sup>3</sup> See Cherokee Nation v. Georgia, 30 U.S. 1, 15 (1831); see also Worcester v. Georgia, 31 U.S. 515, 519 (1832) (recognizing "[t]he Indian nations had always been considered as distinct, independent political communities... and the settled doctrine of the law of nations is, that a weaker power does not surrender its independence—its right to self government, by associating with a stronger, and taking its protection.")

Congress was even more specific when articulating, in ANCSA, the federal government's relationship with Alaska Natives.<sup>4</sup> This law required compensation to settle land claims and mandated the use of for-profit corporations be used to implement the settlement. In ANCSA, Congress declared:

(a) there is an immediate need for a fair and just settlement of all claims... based on aboriginal land claims; and (b) the settlement should be accomplished rapidly, with certainty, in conformity with the real economic and social needs of Natives, without litigation, with maximum participation by Natives in decisions affecting their rights and property...<sup>5</sup>

ANSCA represented a new and experimental approach to fulfilling federal obligations to Native Americans: providing Alaska Natives with village and regional corporate structures, rather than a reservation system (as was done in the lower 48 states). Under ANSCA, shareholders may not sell their shares to non-Natives. In fact, Congress explicitly intended the use of corporate structures to give Alaska Natives greater control of their economic destiny—to achieve self-sufficiency as well as self-governance. Congress has repeatedly emphasized that the most effective way to promote economic self-sufficiency and to minimize the dependence of Alaska Natives on federal assistance is through ANSCA corporations.<sup>6</sup> In fact, in furtherance of this economic settlement, eligibility for the 8(a) program was imbedded in ANCSA by amendments passed by Congress making it clear that ANCSA corporations' participation in the 8(a) program would be an integral part of the ANSCA settlement.<sup>7</sup>

In furtherance of the federal government's constitutional trust responsibility, Congress has enacted no more effective law to foster self-sufficiency and economic development in Native communities than the Native 8(a) provisions. As Senator Inouye has noted

The Congress has long been concerned with the ravaging extent of poverty, homelessness, and the high rates of unemployment in Native America. The Congress has consistently recognized that the economic devastation that has been wrought on Native communities can be directly attributed to Federal policies of the forced removal of Native people from their traditional homelands, their forced relocation, and later the termination of the reservations to which the government forcibly relocated them. In 1970, President Nixon established the Federal policy of self-determination, and that policy has been supported and strengthened by each succeeding administration.<sup>8</sup>

---

<sup>4</sup> See 43 U.S.C. §1601, *et seq.*

<sup>5</sup> See *Id.* at § 1601.

<sup>6</sup> See *Alaska Native Commission Final Report, Vol. 1.* (1994).

<sup>7</sup> In 1987, Congress passed amendments to the Alaska Native Claims Settlement Act, Public Law 100-241, which granted presumptive minority status to ANCs, as defined in 43 U.S.C. § 1626(e)(2). The sponsor of the bill was Don Young (R-AK). The intent behind these laws was to grant any qualifying ANCSA corporation or ANCSA corporation-owned firm the status of "a minority owned and controlled corporation for purposes of federal law." S. Rep. No. 100-201, reprinted in 1987 U.S.S.C.A.N. 3269, 3290. In 1992, the Alaska Land Status Technical Corrections Act, Public Law 102-415, amended §§ 1626(e)(1) and (2) by granting ANCSA corporation or ANCSA corporation-owned firms "economically disadvantaged" status. Rep. Don Young (R-AK) was the primary sponsor in the House and Senator Frank Murkowski (R-AK) in the Senate. The purpose of the amendment was to clarify further that ANCSA corporation or ANCSA corporation-owned firms are "minority and economically disadvantaged business enterprises for the purposes of qualifying for participation in federal contracting and subcontracting programs," including the SBA's 8(a) program. H.R. Rep. No. 102-673, reprinted in 1992 U.S.C.C.A.N. 1450, 1456.

<sup>8</sup> Congressional Record, S5019 (June 13, 2000).

The Native 8(a) program provisions have helped Native Entities overcome economic barriers, create and expand competitive businesses in the private and federal markets, create new business opportunities in remote rural areas far removed from major markets, and return profits to their communities.

Native Entities represent a separate type of contracting that makes sense when one considers they have a responsibility to provide benefits to entire communities. All 8(a) firms, including Native Entities, have a maximum 9-year participation term in the 8(a) Program. Likewise, all 8(a) firms, including Native Entities, must be small to receive an 8(a) contract. When an ANSCA corporation 8(a) firm grows out of its applicable size standard, it graduates out of the program, just like any other 8(a) firm. Native Entities are permitted to form a new 8(a) firm in a different industry code in recognition of the fact that Native Entities are responsible for improving the livelihood of hundreds or thousands and have a greater need to generate continuing income for their shareholders and members. Accordingly, Native Entities can operate multiple 8(a) firms and do not have a limit on the size of contract that can be awarded to them on a sole source basis. These provisions were intended to prepare Native Entities to compete with others in their industry, particularly large contractors that have established relationships with government customers and possess capital and proposal capability sufficient to dominate the federal procurement market.

Fostering the development of successful small business contractors furthers the federal government's interests in broadening and diversifying its industrial base of service and supply providers. More competition can result by combating the consolidation of the government contracting industry into a few dominant large businesses. By providing different contracting provisions to qualified Native Entities, Congress increased the likelihood of sustaining business opportunities, ownership, and revenues for Native Americans. These provisions are fulfilling the federal government's special legal obligations to Native Americans.

### **III. ANSCA Corporation 8(a) Successes in Historical Context**

The GAO report is remarkable for what it does not contain. While the report focuses extensively on recent increases in the level of 8(a) contracting across ANSCA corporations, there is no mention of dissatisfaction with the quality or timeliness of goods and services delivered by the ANSCA corporations or the efficiency and effectiveness with which they perform the contracts and deploy their people, assets, and capabilities. The fact that ANSCA corporation contract performance is a non-issue is a resounding testament to the success of the 8(a) program as an effective tool to both meet the federal government's procurement needs and to enhance economic development in Native communities.

Despite ANCSA's distribution of slightly more than 40 million acres of land and an aggregate cash distribution of roughly \$440 million in 1971,<sup>9</sup> the ANSCA corporations' extremely limited base of business skills and experience made progress very difficult. Unfortunately, by 1993, the 12 regional corporations as a group had lost roughly 80% of the equity value of their initial cash distributions through loss-making business operations. While economic performance was not uniformly poor across all ANSCA corporations from 1976-1993, the average annual return on equity was negative 3.37%<sup>10</sup> for the three most active 8(a) regional corporations—Arctic Slope Regional Corporation, Chugach Alaska Regional Corporation, and NANA Regional Corporation.

#### Impacts of 8(a) Development Success on the ANSCA Corporations and Regional Economies

While economic success proved elusive for the majority of Alaska Native Corporations prior to participation in the 8(a) program, during the 1990s the improvements began to be seen in many social and economic indicators. These improvements correlate with the regions most active in the 8(a) program, suggesting that the Native 8(a) program is working exactly as intended to promote economic development.

As demonstrated in Table A, ANCSA regions demonstrated dramatic across-the-board improvements in the number of individuals with high school degrees, college and graduate degrees; higher employment rates; and higher income levels. Notably, the differences in tertiary education and in job creation have been most marked in the ANSCA regions represented by the five most active participants in the 8(a) program: namely, Alutiiq (Koniag region), Arctic Slope Regional Corporation, Chenega (Chugach region), Chugach Alaska Corporation, and NANA Corporation. As shown in Table 2, the number of individuals with a bachelor's degree or higher increased 565% between 1990 and 2000 in the ANSCA regions represented by these five ANSCA corporations compared with an increase of 440% in the other ANCSA regions. While both findings are extremely impressive, these five ANCSA regions added college graduates at a rate nearly 30% greater than the remaining regions. As referenced in the GAO report, ANSCA corporations have used the 8(a) program to create high-skill, higher paying job opportunities, and to increase incentives for obtaining higher education by offering numerous training programs and advancement opportunities. As noted in NACA's success stories, Native shareholders like Derik Frederiksen benefited from Sealaska Corporation's scholarship program and is now the general Manager of Sealaska's 8(a) firm—Sealaska Environmental Services.

The employment findings are also encouraging. While the majority of ANCSA regions experienced significant declines in unemployment during the decade of the 1990s, these five ANSCA regions reduced unemployment at a rate 57% greater than the other ANCSA regions. Unemployment rates fell 30% in the other ANSCA regions, but these five ANSCA regions saw a 47% reduction in the rate of unemployment.

---

<sup>9</sup> Data regarding initial allocations and early business performance of ANC's is taken from Steven Colt's unpublished paper entitled "Alaska Natives and the "New Harpoon": Economic Performance of the ANSCA Regional Corporations", dated February 2001, and available on the web at [www.iser.uaa.alaska.edu/iser/people/colt/colt\\_newharpoon2.pdf](http://www.iser.uaa.alaska.edu/iser/people/colt/colt_newharpoon2.pdf).

<sup>10</sup> *Ibid.* at page 7, Table 2, Column entitled Average Non-windfall Return on Equity, 1976-1993.

Although these five ANSCA regions have not yet experienced greater than average improvements in per capita income or greater than average reductions in the number of people below the poverty level, these measures would be expected to respond more slowly to focused economic development efforts like ANSCA corporation 8(a) program participation. It is therefore important that any suggested changes to a proven economic development tool like the 8(a) program should be approached with caution, lest we give away the dramatic gains that have been achieved by altering the program before its positive socioeconomic effects are felt throughout the populations represented by the ANSCA corporations.

***Table A: Summary of Socioeconomic Changes in ANC Regions***

<b><i>10-Year Percent Change in:</i></b>	<b><i>High School or Higher Graduation Rate</i></b>	<b><i>College or Higher Graduation Rate</i></b>	<b><i>Unemployment Rate</i></b>	<b><i>Per Capita Income</i></b>	<b><i>Population Below Poverty Level</i></b>
Ahtna Regional Co.	60	756	-69	81	-51
Aleut Regional Co.	42	237	107	56	26
Bering Straits Regional Co.	42	568	-33	143	-40
Bristol Bay Regional Co.	34	318	-34	80	-30
Calista Regional Co.	34	344	-24	104	-35
Cook Inlet Regional Co.	20	303	-62	125	-59
Doyon Regional Co.	41	507	-66	173	-68
Sealaska Regional Co.	28	489	-57	109	-41
Arctic Slope Regional Co.	42	530	-36	69	-17
Chugach Alaska Regional Co.	35	947	-44	52	-16
Koniag Regional Co.	35	307	-64	81	-39
NANA Regional Co.	30	477	-43	111	-16
Average of five most active participants	36	565	-47	79	-22
Average of all other participants	38	440	-30	109	-37

Source: 1990 Census of Population, Social and Economic Characteristics, American Indian and Alaska Native Areas. Tables from "Summary Social, Economic, and Housing Characteristics, and Social and Economic Characteristics". 2000 Census data from Tables DP1, DP2, DP3, & DP4 for each ANC.

#### **IV. Benefits ANSCA Corporations Provide Their Shareholders**

Many American Indian and Alaska Native community members have just begun to realize the positive impacts of the Native 8(a) Program. The Native 8(a) provisions have helped tribal communities diversify their economies and provide jobs, education, and services to a group of Americans historically far less able to access the American dream. The 8(a) program has been particularly helpful to those tribes and ANSCA corporations that are located far away from major markets or industrial centers, because federal contracting can occur anywhere in the U.S. and abroad.

Accordingly, we believe that the Native 8(a) provisions have resulted in just what the Congress intended – facilitation of Native communities’ diversification, self-determination and economic self-sufficiency. We are proud of our increased business capabilities and the newfound hope of building sustainable operations for future generations. As discussed in “Appendix X” of the GAO Report, “shareholder preferences for benefits differed among corporations.”<sup>11</sup> “For example, one corporation stated that its shareholders prioritized protection of their land and the subsistence lifestyle,” while “shareholders of other corporations placed a greater value on dividends, scholarships, training, and job opportunities.”<sup>12</sup> Like our peoples’ diverse cultures, each community has unique needs. ANCSA permits the shareholders to determine what they believe are the most vital needs of their communities and, thus, what benefits their Native corporation will provide.

Clearly, ANCSA corporations have at least one common strategic goal and that is to understand and respond to their shareholders’ needs and desires, for shared benefits of the corporation. This is why the 8(a) rules applicable to Tribes and ANCSA corporations are intentionally different from the rules that govern 8(a) companies owned by individuals. Native-owned 8(a) firms generate community-wide benefits, meeting economic, social and cultural needs of their economically and socially disadvantaged communities, and provide higher-skilled and higher paying jobs, scholarships, and professional training. In contrast, the benefits of an 8(a) company owned by an individual are retained by that individual owner or family.

Through contracting, Native Americans have been successful in adapting and prospering in an ever-changing economic climate. “Appendix A” to NACA’s testimony provides success stories of Native communities due to the direct support and funding from their corporations, for example:

The lives of American Indians and Alaska Natives (AIAN) are challenging and often riddled with sub-standard social and economic conditions with limited opportunities to change the situation. There are many stories of struggle, such as, the village of Chenega Bay that survived an earthquake and tsunami and rebuilt twenty years later only to be devastated by the Exxon Valdez oil spill.<sup>13</sup>

A village member, Donia Wilson-Abbott said that her generation “had even forgotten the word in their Native language for hope.”<sup>14</sup> NACA believes that bringing “hope” to Native communities is the passion behind all Native 8(a) firms. Where there is no “hope,” it should be restored.

To that end, ANCSA and Tribal community-owned firms are energetically working to provide a better way of life and opportunity for their citizens and the regions around them. As every Tribe and ANCSA corporation is different, it is important for observers to realize the large

<sup>11</sup> Government Accountability Office Report, *Contract Management: Increased Use of Alaska Native Corporations’ Special 8(a) Provisions Calls for Tailored Oversight* (GAO-06-399).

<sup>12</sup> *Id.*

<sup>13</sup> “The SBA Native 8(a) Program Brings Hope To American Indian and Alaska Native Communities!” by the Native American Contractors Association.

<sup>14</sup> Chenega Bay celebrates comeback after devastation, *Channel 2 Broadcasting Inc.*, <http://www.ktuu.com>, by Rhonda McBride.



variance in the number of shareholders. It is quite appropriate therefore, that GAO noted the growth in shareholder numbers since ANCSA's enactment. GAO wrote, "Overall, the corporations we reviewed saw a 31 percent increase in their number of shareholders since incorporation."<sup>15</sup>

The 2005 data related to cultural, social and economic benefits of government contracting and the 8(a) Program has been provided by self-disclosure of twelve (12) of the ANCSA Regional Corporations. In 2005, collectively these twelve Native corporations provided \$31.8 million in dividends to their 86,516 shareholders. Dividends are absolutely vital for the economic health of our shareholders, particularly those who continue to live in very rural Alaska Native villages where a gallon of milk can cost over \$12.00 and fuel can run \$6.00 a gallon.

Empowering our Native communities through economic and cultural sustainability and developing the next generation of Alaska Natives through internships, youth programs and scholarships are essential for nurturing healthy communities. Tyan Selby, Executive Director of the Koniag Education Foundation, states:

When people are educated within their own community that helps drive the economies of those communities, and helps strengthen them. Increased education and employment opportunities build stronger communities by decreasing unemployment, domestic violence, depression, suicide, child abuse, and dependency issues.<sup>16</sup>

Recognizing this need, twelve Native corporations provided \$7.3 million in funding for additional shareholder programs such as school programs, Elder Trust Funds, potlatches, intern and youth programs in 2005. Additionally, these Native corporations donated \$6.32 million in contributions to cultural and social program support for the Native and non-Native community, for programs such as cultural camps for youth and Elders and the United Way, and awarded over \$9.5 million in scholarships to Alaska Natives pursuing a post-secondary education.

The following is a brief description of some of the benefits provided by Native corporations:

- *Dividends.* The GAO Report stated that 30 Native corporations provided \$121.6 million in dividends to their shareholders in 2004.
- *Shareholder hire preference and job opportunities.* Under PL 93-638 shareholders, Alaska Natives and American Indians receive preference in employment and are encouraged to apply for positions within Native corporations for which they are qualified for. Many Native corporations also have staff dedicated to assisting shareholders find employment, both within the corporation, with their business partners, and other companies.
- *Management Training.* Native corporations are using 8(a) revenues to create management-training programs and to build sustainable businesses and Native economies. As cited in the GAO report, one-third of the 30 firms surveyed have instituted management-training programs.

<sup>15</sup> Government Accountability Office Report, *Contract Management: Increased Use of Alaska Native Corporations' Special 8(a) Provisions Calls for Tailored Oversight (GAO-06-399)*.

<sup>16</sup> "Shareholder Success Stories – Tyan Selby, Executive Director, Koniag Education Foundation" by the Native American Contractors Association.

- *Internships and Youth Programs.* Most Native corporations provide internship programs and other youth programs, such as mentoring programs to develop future management for the corporation and leaders for the Native community.
- *Community infrastructure.* Some Native corporations invest in infrastructure projects within their villages. For example, one corporation built a laundry mat in a community where there was no running water so that community members could do laundry and take a shower. Still other Corporations subsidize cable and internet or assist with shipping costs for their remote villages.
- *Subsistence Programs.* Subsistence is the traditional way in which Native people have worked with the land and sea for thousands of years to gather food and other resources. The subsistence lifestyle is a main component of Alaska Native cultures. Many corporations support the subsistence lifestyle through subsistence advocacy programs, providing subsistence leave for their employees, and leasing its corporate lands to those who want to partake in subsistence activities (e.g. fish camps).
- *Burial Assistance.* Many Native corporations provide burial assistance programs for families of deceased shareholders. The cost of a funeral is high and many Alaska Native cultures partake in a traditional burial practices, such as the mortuary potlatch, which requires tremendous resources. Assistance from the Native corporation may be in the form of cash, life insurance, or in-kind donations.
- *Land Leasing & Gifting.* Most Native corporations have made their ANCSA land opening available for shareholders to use, either through leasing or gifting programs, for subsistence, recreational activities, primary residence and/or economic development opportunities.
- *Support of Non-Profits.* Almost all Native corporations provide support for non-profit organizations that provide cultural, social and advocacy programs for Alaska Native people. Such organizations include education foundations, statewide advocacy organizations (e.g. the Alaska Native Justice Center, Alaska Native Heritage Center, and Get Out the Native Vote).
- *Elder Benefits.* Many Native corporations provide benefits to their Elders. Benefits can include dividends, one-time financial payments, healthy meal programs or bus service.
- *Cultural preservation.* Most corporations invest in cultural preservation programs. Some provide donations to museums, archeological research, documenting the culture and history of their community, cultural camps, and traditional language preservation programs.
- *Support of other corporations.* Some Regional corporations help the village corporations in their area with economic development, resource management, records management, and community planning.

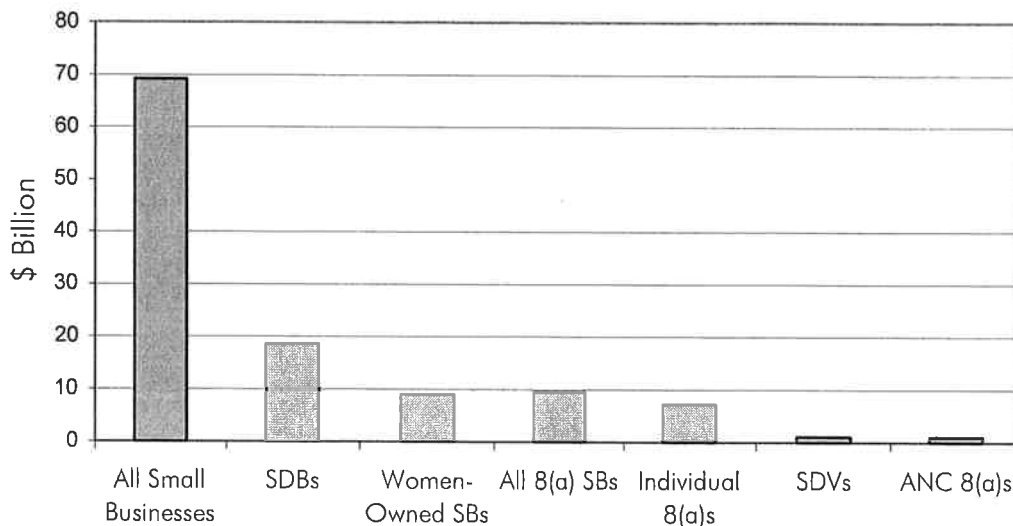
Because of the restrictions on alienation of stock in ANSCA corporations—shares cannot be sold—what is not paid in dividends, scholarships, social programs, still benefits Native people by virtue of reinvestment in the corporation to build a better base of dividends, scholarships, and opportunity for the future. ANSCA corporations have an obligation to provide benefits in perpetuity to their Native shareholders.

## V. ANSCA Corporations—A Sliver of the Pie

As shown in Table B, the percentage of all government contracts held by ANSCA corporations is small relative to all federal procurement dollars. In 2004, about 13 percent or \$1.1 billion of all 8(a) contract dollars were awarded to Alaska Native Corporations that represent 100,000 Alaska Native shareholders. The remaining 87 percent or \$7.3 billion of the 8(a) contract dollars were awarded to roughly 9000 individually owned 8(a) companies. Furthermore, for 2004, the SBA reports that the federal government awarded more procurement

dollars to small firms than in the past. In 2004, small businesses were awarded \$69.23 billion or 23% of all federal prime contract awards. In 2003, small businesses were awarded approximately \$45.5 billion in subcontracts from prime contractors. The total procurement amount to small businesses in FY 2004 is estimated by the SBA at \$119.2 billion.<sup>17</sup> In 2004, Women-Owned Small Businesses received \$9.09 billion, Small Disadvantaged Businesses (SDBs) received \$18.54 billion, and Service-Disabled Veterans-Owned Small Businesses received \$1.15 billion in prime contract awards.<sup>18</sup>

***Table B, Small Business Prime Contracts in Fiscal Year 2004***



## VI. Government-wide Procurement Challenges

Many of the principal criticisms presented in the GAO report are not specific to ANSCA corporation contracting, but rather are common to the entire procurement system. Still other issues address concerns that involve all small businesses, not just ANSCA corporations. While GAO's scope was limited to a review of the ANSCA corporation portion of the 8(a) Program, a fair treatment cannot be obtained by viewing ANSCA corporations in isolation from overarching procurement problems that GAO has diagnosed in other reports. In fact, GAO acknowledged these broader procurement issues that it has previously reported on.<sup>19</sup> By presenting these issues only in the context of the 8(a) Program, the GAO report obscures the wider public policy issues and minimizes their significance.

<sup>17</sup> SBA, Office of Advocacy, *The Small Business Economy: A Report to the President: Chapter 3—Federal Procurement to Small Firms*, page 41, 44 (2005).

<sup>18</sup> Id. at 55.

<sup>19</sup> See Fn 7, Page 8, GAO, *Contract Management: Increased Use of Alaska Native Corporations' Special 8(a) Provisions Calls for Tailored Oversight* (GAO-06-399); GAO, *Federal Procurement: Spending and Workforce Trends*, (GAO-03-433); GAO, *Contract Management: Impact of Strategy to Mitigate Effects of Contract Bundling on Small Business is Uncertain* (GAO-04-454); GAO, *Small Business Contracting: Concerns About the Administration's Plan to Address Contract Bundling Issues*, (GAO-03-559T); GAO, *Reporting of Small Business Contract Awards Does Not Reflect Current Business Size*, (GAO-03-776R); and GAO, *Interagency Contracting: Problems with DoD's and Interiors Orders to Support Military Operations*, (GAO-05-201).

*ANSCA Corporations Are Not at the Root of Small Businesses Contracting Problems*

Contract bundling and consolidation are a systemic concern for policymakers, procurement officers, SBA officials, and small businesses. ANSCA corporation 8(a) firms play a minimal role, yet the GAO report implies that ANSCA corporations antagonize small businesses. Contracts are bundled because “increased demands to make the acquisition process quicker and less complex coupled with reductions in the overall acquisition workforce have driven acquisition managers to bundle requirements.”<sup>20</sup> The Office of Federal Procurement Policy (OFPP) has found that substantially fewer small businesses are receiving federal contracts and the federal government is suffering from a reduced supplier base.<sup>21</sup> It is not ANSCA corporations that inhibit the ability of small firms to win such awards, but rather the large number of tasks required by bundled contracts, their increasing dollar size, and their often broad geographic scope.

A report prepared for the SBA’s Office of Advocacy found that, for every 100 “bundled” contracts, 106 contracts are no longer available to small businesses. Similarly, for every \$100 awarded on a “bundled” contract, there is a \$33 decrease in contracts awarded to small businesses.<sup>22,23</sup> Since bundled contracts typically run for a longer period of time and are broader in scope, the total number of new contract awards has declined. Consequently, although overall small business contracting dollars remained relatively constant, there has been a sharp decline in the number of new contract awards. The OFPP found that significantly fewer small businesses received federal contract awards: from a high of 26,506 in fiscal year 1991, to a low of 11,651 in fiscal year 2000.<sup>24</sup>

If these contracts were not awarded to ANSCA corporation 8(a) firms, the requirements would nonetheless be bundled and likely available only for large businesses. Moreover, there is no guarantee these contracts would be awarded competitively in the absence of rules for ANSCA corporations. A far more prevalent trend is the use of large Indefinite Delivery Indefinite Quantity (IDIQ) contracts to avoid competition and protests from disappointed bidders, as GAO’s own Administrator, David Walker, recently pointed out to the Acquisition Advisory Panel.<sup>25</sup>

---

<sup>20</sup> *Contract Bundling: A Strategy for Increasing Federal Contracting Opportunities for Small Business*, Office of Federal Procurement Policy, (October 2002).

<sup>21</sup> *Id.*

<sup>22</sup> *The Impact of Contract Bundling on Small Business: FY 1992-FY 1999*, Eagle Eye Publishing for the SBA Office of Advocacy, (September 2000).

<sup>23</sup> We note that there has been some disagreement on how to interpret the statutory definition of contract bundling. For example, GAO in the past has questioned the value of the Eagle Eye data in an earlier report on contract bundling because the definition used for [continued] bundling was different than the statutory definition. Nevertheless the OFPP report relied on the Eagle Eye data cited above as anecdotal evidence of contract bundling.

<sup>24</sup> Fn. 11.

<sup>25</sup> Testimony of David Walker, March 29, 2006, before the Acquisition Advisory Panel, as reported in BNA’s Federal Contracts Report, Vol. 85, No. 13, p. 357 (April 4, 2006).

The decline of small business contracting has also been exacerbated by the acquisition reforms of the 1990s. GAO found that the acquisition workforce was reduced approximately 22 percent from 1990 to 1998.<sup>26</sup> The GAO reported that, according to agency officials, contracting officials sought ways to streamline procurement practices partly as a result of workforce reductions. These practices include contracting vehicles such as blanket purchase agreements, IDIQ contracts, and GSA Federal Supply Schedules.<sup>27</sup> Pressure on agencies to do more with less results in the award of larger contracts, for which all small firms have difficulty competing. As a result, the list of the top 100 large federal contractors has changed very little despite reform efforts.<sup>28</sup>

Despite these well-documented systemic problems with the procurement system, a small but vocal few in the small business community have targeted ANSCA corporations as a convenient scapegoat. Unfortunately, the GAO's report may exacerbate such mistaken assumptions. In reality, federal prime contracting has ballooned to over \$300 billion in recent years. No group of small businesses has actually "lost" dollar volume; the only change is to the perception that others might have gained a proportionally greater share. The unfortunate truth is that, as a whole, all lawful participants in SBA's contracting programs have seen their total share diminish well short of statutory goals (which, incidentally, are a floor—not a ceiling). Congress should respond to the advice GAO gave by urging the SBA and other contracting agencies to honor and enforce existing small business procurement goals and provide enough oversight to make these goals stick.

#### *Non-competitive Practices Pervade the Procurement System.*

To suggest that ANSCA corporations are the root of the Federal Government's anticompetitive practices also belies the facts. During fiscal years 1998 through 2003, the Department of Defense awarded \$362 billion in contracts without full and open competition, more than one-third of the Department's procurement budget. The top five contractors alone received \$145 billion in sole-source contracts from the Department of Defense.<sup>29</sup>

#### *SBA and Agencies Fail to Track and Enforce Limitations on Subcontracting*

ANSCA corporations have taken very seriously the limitations on subcontracting and will work with SBA and the agencies to develop a system to gather more data to demonstrate their compliance. That said, the limitations on subcontracting, which define the percentage of work prime contractors must perform, apply not only to ANSCA corporation 8(a) contracts, but also to all small business contracting programs.<sup>30</sup> The failure of SBA and other agencies to enforce these provisions is not limited to ANSCA corporations and cannot be properly viewed in isolation. In fact, in 2005 the U.S. Court of Federal Claims reported a decision involving the

---

<sup>26</sup> GAO-01-119, *Trends in Federal Procurement in the 1990's*.

<sup>27</sup> See Major Clark III, J.D. and Chad Moutray, Ph.D., *The Future of Small Businesses in the U.S. Federal Government Marketplace*, SBA Office of Advocacy (2004).

<sup>28</sup> *The Future of Small Businesses in the U.S. Federal Government Marketplace*, p. 14.

<sup>29</sup> *Outsourcing the Pentagon*, Center for Public Integrity, (November, 2004).

<sup>30</sup> See 13 C.F.R. § 125.6.

subcontracting limitation regulations and the offender was not an ANSCA corporation.<sup>31</sup> The GAO's report does not acknowledge that this is an SBA-wide requirement and a government-wide shortcoming.

The GAO report also has not acknowledged the fact that performance of work requirements provide a compelling advantage to all small business contractors, as well as taxpayers. As recently noted with respect to post-Katrina contracting, large prime contractors commonly use multiple layers of subcontracting to procure necessary goods and services.<sup>32</sup> At each level, primes and higher-tier subcontractors add administrative markups that, cumulatively, result in prices several times larger than the true cost of such goods and services. In small business contracting, the markup problem diminishes because small business prime contractors are required to self-perform most of their contracted work. The GAO report does not mention this important benefit of small business contracting.

*SBA and Agency Procurement Staffs Must be Increased.*

NACA supports any effort that brings relief to the long-suffering SBA workforce, especially the Alaska District Office. In addition, NACA welcomes efforts to increase agencies' acquisition workforces and other resources. We regret that GAO did not tie this report to the body of research about the critical decline of the procurement workforce.<sup>33</sup> This shortage is at the root of each issue in the GAO report on ANSCA corporations: failure to track and meet small business goals; avoidance of competitive processes whenever possible; failure to track and enforce small business performance of work requirements; and improper expansion of contract scope to avoid new contracting actions.

## **VII. 8(a) Sole-source Negotiated Procurement Process**

NACA disagrees with impression that the GAO report gives regarding the 8(a) sole source acquisition process as a quick and easy method. A sole source contract awarded through the 8(a) program involves extensive negotiations between a contracting officer and a potential contractor. It is through this process that the government gets the benefit of the best value of goods and services that are available from the marketplace. This process is outlined below:

*Steps in an 8(a) Contract Award*

1. Under an 8(a) procurement, a contracting officer (CO) may meet with an 8(a) firm to discuss technical requirements, timing, and capabilities. This meeting establishes a firm's "bona-fides," and might include a discussion of the firm's capability relevant to the agency requirement, additional capabilities of the firm, past and current successful performance examples, financial capacity, innovative or non-traditional approach to developing cost effective/cost reducing performance, special certifications held by the firm, key personnel, history of the firm and any other information either deemed relevant or as requested by the agency.

<sup>31</sup> See *e.g. Transatlantic Lines v. United States*, 68 Fed.Cl. 48, (September 30, 2005).

<sup>32</sup> See *e.g. Multiple Layers of Contractors Drive Up Cost of Katrina Cleanup*, Washington Post, p. A1, (March 20, 2006).

<sup>33</sup> See *GAO High-Risk Series - An Update*, GAO-05-207 (January 2005).

2. If the CO is satisfied that the 8(a) firm can meet his requirements, he will ask for permission from the SBA to hold sole source negotiations with the 8(a) firm. SBA formally accepts the procurement into the 8(a) program, certifies that the chosen 8(a) is qualified, and delegates authority to the CO to negotiate with the 8(a) firm.
3. Often the CO will initiate an integrated process to develop a statement of work, clarify all elements of the work statement, identify efficiencies that may provide cost savings, and establish evaluation criteria.
4. This process establishes a positive working relationship between the parties and a means to resolve disputes. Most critically, both parties reach an understanding of the outcomes of a requirement and of how the contractor will achieve those outcomes. This virtually eliminates “downstream” claims and adjustments.
5. The CO then requests a technical and cost proposal, and negotiates cost and terms with the firm. Often, the cost volume for an 8(a) proposal is significantly more detailed than a competitive proposal. This ensures the Government has sufficient detail to determine cost reasonableness and that the American taxpayer is getting best value.
6. Most sole-source 8(a) proposals are then “audited” by the Defense Contract Audit Agency (DCAA) at the procuring agencies request. On a large procurement this audit can be extremely comprehensive including evaluation of labor rates and associated burdens, detailed examination of other direct cost elements including review of vendor quotes and estimates for everything from insurance to office supplies. Pricing for equipment items and comparison to the requirement are checked and an evaluation of General and Administrative (G&A) rates and overhead rates. Finally a review of the proposed fee structure is completed. This level of strict scrutiny is rare in a full and open competition.
7. The DCAA reports the findings of the audit to the agency. The agency will then establish their negotiating position and schedule negotiations with the firm. The government usually prepares its own estimate of the cost of the services and uses that estimate, along with the results of the DCAA audit as the basis for negotiations.
8. Negotiations are formal, arms-length discussions and all elements of the contractor’s proposal are discussed, justified, modified and eventually agreed upon. Proposed staffing levels are discussed and compared to requirements. Materials, equipment, other direct costs and indirect costs are typically scrutinized and validated against the requirement. The government is generally well prepared for these negotiations as it is their responsibility to obtain the best value for the taxpayer. Often, a contractor winds up with a contract price that may be significantly less than expected as a result of not having solid, documented pricing justification in the form of vendor quotes or historical justification, or a poor analysis of the requirement.
9. Once all requirements and pricing is agreed to, the government, depending on the magnitude of the contract, forwards their recommendation for award through the proper review and approval chain of command. Once approved, the contract is then awarded and the contractor begins the process of transition and full performance.

Despite superficial claims that 8(a) sole-source contracting is merely a convenient method for the government, there is probably no other contract vehicle subject to more scrutiny. This process provides checks and balances to assure fair and reasonable pricing and to achieve the best value for the American people.

## VIII. Conclusion

In closing, we echo the GAO's finding that the 8(a) program helps Native Entities to overcome economic barriers, create and expand businesses, participate in the federal marketplace, and provide cultural and social benefits to their communities. Fostering the development of successful small business contractors advances the government's interests by broadening and diversifying its industrial base of service providers and suppliers. Combating the consolidation of the government contracting industry into a few dominant large businesses results in more competition and lower prices for the government. By providing different contracting provisions to qualified Native Entities, Congress increases the likelihood of sustaining business opportunities, ownership, and revenues for Native Americans.

To continue this success and progress that has been made we make the following recommendations:

1. NACA will work with the Administration and others to improve the way the 8(a) program works for all 8(a) participants including advocating for sufficient staffing and resources for the SBA to implement the 8(a) program. Additionally, as noted, by GAO on page 45 of the report, some of the GAO recommendations to the SBA (limitations on subcontracting and notification of contract modifications) are not limited solely to ANSCA corporations but rather apply to all 8(a) contracting activity.
2. NACA will work with the Administration and others to improve data collection, monitoring and oversight to better reflect the unique nature of Native Entities that participate in the 8(a) program.
3. NACA will develop a "Best Practices Guide" that can be adopted by our members to improve record-keeping and reporting mechanisms to address issues raised by the GAO report such as tracking primary and secondary NAICS codes and tracking primary revenue generators, documenting compliance with the limitation on subcontracting requirements, compliance with ownership limitations and business mix requirements, and other issues.
4. NACA will work with other small business groups to make sure that all federal agencies meet their small business contracting goals and will seek out creative ways to increase small business participation in federal contracting opportunities. The federal contracting pie is enormous with over \$300 billion worth of goods and services purchased last year—there is sufficient opportunities for all small businesses to participate. Indeed, as GAO noted the ANSCA corporation 8(a) share of this pie for 2004 was \$1.1 billion and \$7.3 billion to all other 8(a) firms. Furthermore, for 2004, the SBA reports that the federal government awarded more procurement dollars to small firms than in the past. In 2004, small businesses were awarded \$69.23 billion or 23% of all federal prime contract awards. In 2003, small businesses were awarded approximately \$45.5 billion in subcontracts from prime contractors. The total procurement amount to small businesses in FY 2004 is estimated by the SBA at \$119.2 billion.<sup>34</sup>

Thank you for the opportunity to testify. I look forward to working with you and the Administration on ways to improve this critical 8(a) tool which is bringing much needed economic development to a group of Americans historically far less able to access the American dream.

<sup>34</sup> SBA, Office of Advocacy, *The Small Business Economy: A Report to the President: Chapter 3—Federal Procurement to Small Firms*, page 41,44 (2005).



## **Native 8(a) Program Brings Hope to Indian and Alaska Native Communities!**

*By the Native American Contractors Association*



American Indian and Alaska Native community members are realizing the positive impacts of the Small Business Administration's (SBA) Native 8(a) Program. In fact, recent testimony at the Senate Committee on Indian Affairs' (SCIA) oversight hearing on economic development highlighted the SBA Native 8(a) Program as one of the most successful laws Congress has enacted to foster self-sufficiency and economic development in Native communities. The Native American Contractors Association's (NACA) testimony at the SCIA hearing reported that these 8(a) provisions are rare examples of federal policy successfully fulfilling Congressional intent to advance federal procurement goals and simultaneously help build self-sustaining economic drivers and self-reliance in our Native communities.



The lives of American Indians and Alaska Natives are challenging and often riddled with sub-standard social and economic conditions with limited opportunities to change the situation. There are many stories of struggle, such as, the village of Chenega Bay that survived an earthquake and tsunami and rebuilt twenty years later only to be devastated by the Exxon Valdez oil spill. A village member, Donia Wilson-Abbott said that her generation "had even forgotten the word in their Native language for hope."

The 8(a) rules applicable to Tribes and ANCs differ, purposely, from the rules that govern 8(a) companies owned by individuals. The core mission of ANCs includes generating community-wide benefits and meeting social and cultural needs of their economically and socially disadvantaged communities. ANC-owned 8(a) companies provide many benefits to shareholders, including higher-skilled and higher paying jobs, scholarships, and training. In contrast, the benefits of an 8(a) company owned by an individual are retained by that individual owner. The following provide insight into the diverse sharing of corporate opportunity and profits.



---

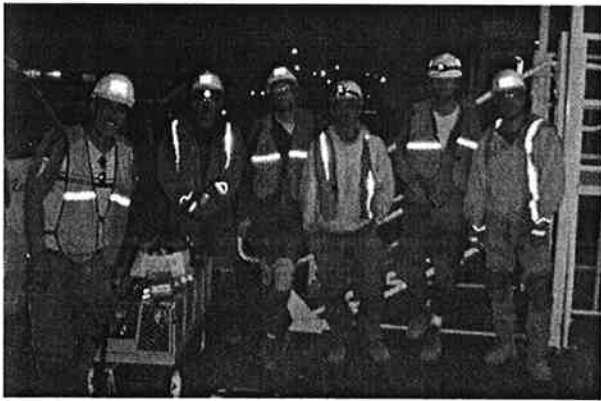
\* Chenega Bay celebrates comeback after devastation, *Channel 2 Broadcasting Inc.*, <http://www.ktuu.com>, by Rhonda McBride.

## Exceptional Performance Leads to Benefits for Alaska Natives

*Alutiiq, LLC, Kodiak, Alaska*



The excellent performance and corporate citizenship of Alaska Native Corporations and tribes have resulted in outstanding award fees, future contract opportunities and strong relationships within the local communities where we work. All of this leads to benefits for over 120,000 disadvantaged Alaska Natives. Below is the success story of one Alaska Native Corporation which participates in 8(a) government contracting, Alutiiq, LLC, a wholly-owned subsidiary of Afognak Native Corporation.

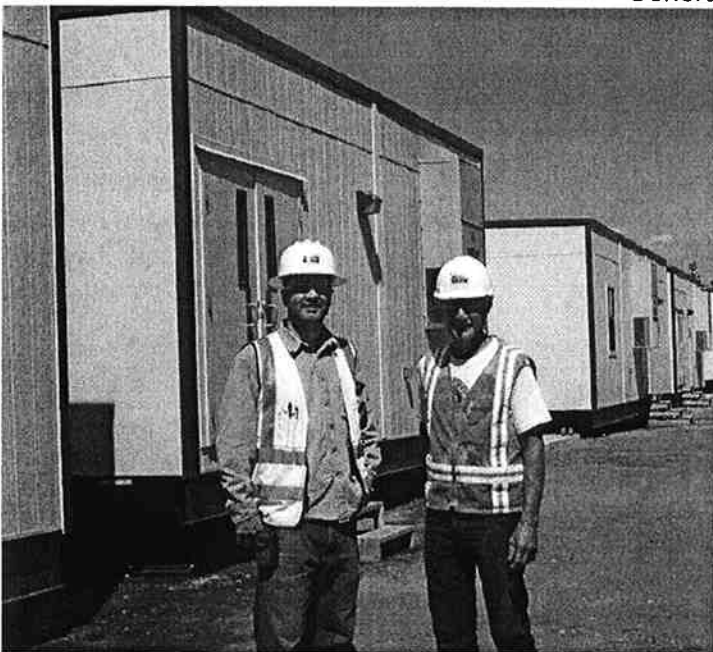


The Chugach Management Services, JV (a joint venture between Chugach Alaska Corporation and Alutiiq, LLC) has consistently received above 97 percent award fees since it began the Kirtland Air Force Base operations and maintenance contract in July 2000. Their last award fee of 98 percent, awarded in March 2005, was based on the joint venture's "...unwavering support to team Kirtland customers [which] was continuous and consistent...you and your employees will take us to a higher level of excellence."  
*Henry L. Andrews, Jr., Colonel, USAF Commander.*

Alutiiq's exceptional award fees are a direct result of our hard working, high-caliber employees. On another contract two Alutiiq employees, Senior Officer Delaney Jefferson and Sergeant Steven Hill, were both presented with coins by Fort Carson's Commanding General Robert Wilson for their outstanding performance, attention to detail, and handling of an individual who attempted to gain access to Fort Carson under false pretenses. We are proud of our employees and their outstanding performance.

Alutiiq often hires retired law enforcement and military personnel on our contracts. In response to our efforts, Alutiiq earned the *Employer of the Year Award* from the Veterans of Foreign Wars (Department of North Carolina) in the "over 250 employees" category. Alutiiq was then nominated and awarded the *National Employer of Veterans Award*, which we will receive in August 2006.

Alaska Native people have survived off our traditional land and sea for 10,000 years. Over the last 200 years of western occupation the Alutiiq people have faced epidemics, war,





and famine, all devastating our culture and leaving little for economic and social prosperity. To combat this, each year Afognak Native Corporation provides employment opportunities, donations and volunteer support to various organizations within the Alutiiq community to increase our people's quality of life and foster Alutiiq culture and education.



All Alaska Native Corporations are focused on providing employment opportunities for their shareholders. Many, if not all, have instituted some level of shareholder hire and training programs. Alutiiq (the wholly-owned government contracting subsidiary of Afognak Native Corporation), like most of the ANCs, has staff dedicated to assisting shareholders find employment within our family of companies, and with other organizations. The staff also helps shareholders obtain the training and educational opportunities necessary to improve their skills and job prospects.



As a wholly-owned subsidiary, the profits of Alutiiq flow up to Afognak Native Corporation. Afognak utilizes these profits to provide shareholder benefits in a number of forms, including individual scholarships. We are only now beginning to see the results of these vital programs as our youth begin graduating with vocational, undergraduate and graduate degrees in everything from mechanics to education and business management. Many are the first in their families to earn a vocational or college education. Today these young leaders help our Native community by teaching, serving in the social work field or leading our businesses.

To increase the quality of life for our almost 700 shareholders, Afognak provides an annual dividend. In 2005, Afognak paid a record \$10.8 million in dividends as a direct result of our participation and success in the 8(a) program. In addition, the Afognak Board designed its Shareholder Permanent Fund so that dollars from its business development operations could provide long-term economic benefits to the Shareholders. These dividends mean a tremendous amount to our shareholders - young families just starting out, Elders, and families who live a subsistence lifestyle in our traditional village.

Each year Afognak provides donations and in-kind contributions for programs that support cultural and social growth of our Native community. For example, Afognak initiated a series of Alutiiq cultural camps in the mid-1990's to save our traditional way of life. These camps, now run by the Native Village of Afognak, teach our Alutiiq children traditional dance, language, history, and subsistence from Native leaders and Elders.



Each year Afognak supports the Alutiiq Museum & Archeological Repository. Through financial and in-kind support from Afognak and other Native organizations the Museum travels to each of the rural communities in our region to teach our Native children traditional ways. In the spring of 2005, our children learned how to make Alutiiq bentwood boxes, a skill that has not been taught in more than 100 years.

Afognak has partnered with the Alutiiq Museum and other Native organizations to rescue our archeological sites in order to save 10,000



years of Alutiiq history from vandalism and erosion. To date we have gathered tens of thousands of artifacts, collected from our joint excavations on Afognak Island. These fragile irreplaceable treasures, gathered for our people by our people, are truly a library. They contain incredible information on our ancestor's lives. They hold the stories of our people that are available from no other source.

Each year Afognak supports these, and other, cultural programs through donations and in-kind contribution. We are proud of our history, of our ability to survive and the future opportunities we are able to provide to our children.

Contact: Sarah Lukin  
Corporate Communications Manager  
Alutiiq, LLC  
Phone: (907) 222-9586  
Email: [slukin@alutiiq.com](mailto:slukin@alutiiq.com)

## Community Enrichment: From Survival to Success

*Chenega Corporation, Chenega Bay, Alaska*



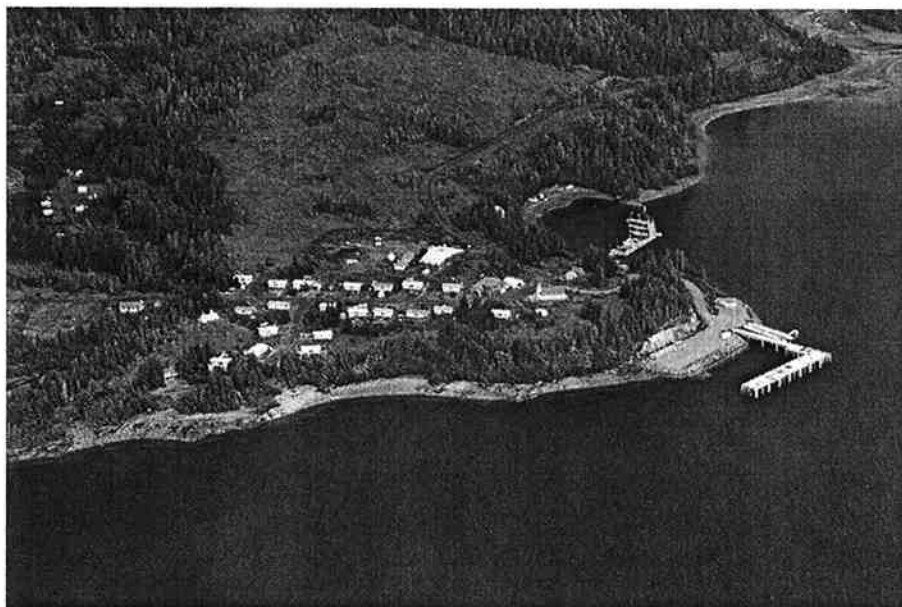
Pete Kompkoff, Chenega Bay Village Administrator

"The Chenega Corporation almost didn't happen. After the 1964 earthquake, the village fell apart and survivors had to fight to be included in the Alaska Native Claims Settlement Act. Today, the village is celebrating a unique success story." <sup>†</sup> According to a recent news report, the Chenega Corporation had a big hand in reviving the community, building a dock, funding three new buildings to include a health clinic, and establishing culturally enriching programs for the children like traditional dancing.

The corporation is also helping to bring a general store to the village, providing new hope and many successes. "I think the village itself would not have been reestablished without the help of the corporation," said Pete Kompkoff, Chenega Bay Village Administrator. <sup>‡</sup> Also reported was that in 2005, "Chenega's village corporation reported more than \$18 million in profits, a lot of it was earned through oversight of government contracts. Chenega employs more than 3,000 people and about 2,500 subcontract employees in 38 states and nine foreign countries." <sup>§</sup>



Boat harbor, Chenega Bay Village.



Chenega Bay Village.

<sup>†</sup> Chenega Bay celebrates comeback after devastation, *Channel 2 Broadcasting Inc.*, <http://www.ktuu.com>, by Rhonda McBride.

<sup>‡</sup> Chenega Bay celebrates comeback after devastation, *Channel 2 Broadcasting Inc.*, <http://www.ktuu.com>, by Rhonda McBride.

<sup>§</sup> Chenega Bay celebrates comeback after devastation, *Channel 2 Broadcasting Inc.*, <http://www.ktuu.com>, by Rhonda McBride.

## **S & K Technologies: A Vision of the Future**

*A Tribally Owned Enterprise of the Confederated Salish & Kootenai Tribes of Montana*



"Luke Smiling"  
by Francis Lozeau



"Hold that Pose"  
by Brian Dupuis



"Self Portrait"  
by Junior Grenier



"Untitled"  
By Deanna Kenmille

(St. Ignatius, Mont.) -- Inherent to S&K Technologies' (SKT) mission statement, the company continues to support important community projects that are critical to the tribal cultural value system of the Confederated Salish and Kootenai Tribes.

One project that SKT is particularly proud of sponsoring is Our Community Record, a program whose participants include students of the Two Eagle River School, located in Pablo, Montana.

Since 2001, middle and high school students at Two Eagle River School have been enthusiastic participants in this unique project that challenges them to express their personal vision and experience by documenting their community, culture, and history through photographic studies. Most recently in both 2004 and in 2005, SKT contributed a significant grant to Two Eagle River School to allow for the continued progress of Our Community Record.

This contribution helps the program with such costs as photographic equipment, educational field trips, photographic printing supplies, and most importantly, classroom instruction from critically acclaimed professional resources.

Through this project, SKT is helping to make a difference in the lives of young people on the Flathead Indian Reservation. Our Community Record empowers youth to learn about visual communication and technical production, in addition to fostering their work as effective artists and story tellers.

Two Eagle River School is a Bureau of Indian Affairs-contracted, educational institution of the Confederated Salish and Kootenai Tribes. The school serves Native American students in the 7th through 12th grades. Approximately 130 students attend Two Eagle River each year, with about 30 students graduating annually.

SKT is a tribally owned enterprise of the Confederated Salish and Kootenai Tribes of Montana, and recently graduated from the Small Business Administration's 8(a) Business Development Program in 2006.

*Photographs by students at Two Eagle River School.*



## Maintaining Our Traditional Way of Life

*Gary Kompkoff, Native Village of Tatitlek, Alaska*



Gary Kompkoff, Chief  
Native Village of Tatitlek



Native Village of Tatitlek, Alaska



Village hunters teaching child how to harvest subsistence foods for community.



Chugach shareholders harvesting subsistence salmon.

"My name is Gary Kompkoff, I'm a Chugach Alaska Corporation board member for the last six years, and also Chief of the Native Village of Tatitlek for the last 28 years. The most noticeable change to me [regarding opportunities since the success of ANC businesses] is the renewed sense of pride that the people in our community have. And being a Chugach Native, to me, it's reflected not just by individuals but by the communities and by their region as a whole.

The most noticeable impact of the dividends has been on the assistance that they provide in continuing the subsistence lifestyle that the people in my village live. The dividends have helped hunters and fishers buy the supplies – the gas, the ammunition – everything they need to continue the subsistence harvest. With the increased price of fuel and the increase price of supplies, these dividends have really helped the people of Tatitlek continue their subsistence lifestyle.

The Elders' dividends are – Tatitlek is a remote community accessible only by boat or by plane – so the dividends that they receive are really helpful in getting them to proper medical facilities for medical care and helps them with the purchase of the medicine that they need. And also, like with everyone else, not just Elders, helps with the purchase of stable goods such as groceries in the village.

[If the 8(a) program was eliminated] there would be some differences – the noticeable difference would be the ability of our hunters and fishers, especially, to buy the things that they need for subsistence harvest. Another noticeable difference would be on single mothers; these dividends are really helpful in providing them with some kind of income. The cultural programs that Chugach and Chugach Heritage Foundation

have started are one of the most important things that Chugach does at the present time, I think. The preservation of the Alutiiq culture is one of the top priorities of the Native community and to take away the funds that they contribute towards that goal would be really harmful."